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ANNUAL REPORT

1997/1998

FUNDY REGION
Development Commission Inc.

Fundy Region Development Commission Inc.
Business Resource Centre
40 King Street
Saint John, N.B.
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Tel: (506) 658-2918
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Serving the member municipalities of:
Fairvale, Gondola Point, Grand Bay, Grand Manan , Hampton, Quispamsis, Saint John, St. Andrews St. George, St. Martins, St. Stephen, Sussex, Sussex Corner, Westfield during 1997-1998

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CHAIRMAN'S REPORT

Mr. Neil McKelvey, O.C., Q.C.
Chairman

On behalf of the Board of Directors of the Fundy Region Development Commission, we are pleased to present the 1997/98 Annual Report for the Fiscal Year ending March 31, 1998.

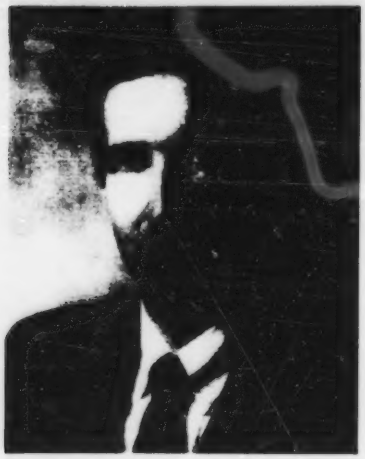
As in previous years, the Commission has proven to be an asset to the many entreprenuers and existing small and medium sized businesses throughout the Fundy Region. Our counselling assistance was provided to over 1700 individuals, resulting in the creation of 120 new businesses and a further 13 expansions. Over $1 million of government financial assistance was received by these businesses, with a total business investment of nearly $3 million. Additional jobs have been created and municipal tax bases have been increased.

This fiscal year saw a restructuring exercise undertaken by the Department of Economic Development and Tourism of the network of the 12 regional economic development commissions. The January 1st 1998 amalgamation of several of the greater Saint John municipalities, most of which were members of the FRDC, and the operational funding inequity of the FRDC have resulted in a change in this commission's area of responsibility. The FRDC will become a rural commission serving the needs of the 70,000 residents in the Fundy Region outside of Greater Saint John . The FRDC thanks the former member municipalities of Grand Bay, Westfield, Fairvale, Gondola Point, Quispamsis, and Saint John for their past membership in the FRDC and wishes them prosperity and success in the future with the new Greater Saint John Economic Development Commission. It also wishes to express the gratitude of the other member municipalities in having the confidence in our organization to remain intact to represent them in economic development.

The restructuring process and the resulting uncertainties have been most trying for our staff during the year. Despite this fact, they again have demonstrated exceptional performance and results of which the Board and member municipalities are most proud.

E. Neil McKelvey, O.C., Q.C.
Chairman

GENERAL MANAGER'S REPORT



Mr. James Balcomb
General Manager

During fiscal 1997-1998, Commission staff counselled over 1700 entrepreneurs. Many of these received hands on assistance in developing their Business Plans and in subsequent application(s) to various provincial and federal financial programs. 120 new businesses were established and another 13 expanded with the Commission's direct assistance.

An area that continues to be challenging for our region's existing small businesses is marketing. To partially address this, the FRDC, in partnership with UNBSJ Faculty of Business, developed marketing plans for 13 existing businesses. The FRDC also assisted in the creation of an inventory of crafts and products made in the Fundy Region which could be marketed under the Rural Riches Program of Agriculture and Rural Development.

Tourism opportunities relating to the " *Bay of Fundy_ One of the Marine Wonders of the World* " and *the Fundy Trail* continue to be developed by entrepreneurs. There has been a substantial increased interest in establishing B & Bs, inns, restaurants, and day adventure operations. The FRDC was also a sponsor of the Bay of Fundy Opportunities Forum held in October. In support of increased tourism the FRDC provided a staff person to work in the Quoddy Coastal Tourism Association information center in downtown St. Stephen.

Alternative species R & D and further development of added value in the aquaculture industry of Charlotte County provide optimism for a sector which last year experienced yet another disease challenge. With the assistance of the Commission, Biotherm Atlantic Ltd of Bayside is now producing a plant fertilizer and growth enhancer made from salmon byproducts under the prestigeous President's Choice label.

During the year a database of the 7 industrial parks, a database of businesses in the Fundy Region and a database of available Fundy Region workforce by occupation was completed by the FRDC. Leadership was also exhibited in the creation of an SME (small and medium size businesses) *Aftercare Project* where former businesses established in the Fundy Region were pro-actively visited to determine training and employment needs and possible areas for program policy changes. This project will continue until the end of 1998.

The restructuring study of the REDCs and in particular, the change in geographic area of responsibility of the FRDC provides a new focus on rural development for the Fundy Region. The FRDC looks forward to working with the member municipalities, their councils and residents, the chambers of commerce and the several other government partner agencies and departments in our joint, team efforts for increased job creation. The establishment of a *Kings County Economic Development Center* in Sussex and a *Charlotte County Economic Development Center* in St. Andrews will be the first task.

The FRDC provided business counselling services to the business community of the entire Fundy Region until May 31st, 1998. On June 1st long term FRDC economic development officers Lois Vincent and David Emerson joined the new Greater Saint John Economic Development Commission to continue to provide their expertise to the entrepreneurs of the Saint John area. One behalf of the Board of Directors, fellow FRDC staff, and the thousands of individuals assisted by Lois and David over the years, I would like to thank them for their dedication and professionalism while with the Fundy Commission. We wish them well in the future.

I would also like to thank the other members of the Fundy Region team -- other FRDC staff, colleagues at ACOA, EDT, AEL, DARD, and the CBDC, for their support over the past year. The achievements of the year are truly based on our team approach. Finally, I would like to thank our Chairman, Mr. Neil McKelvey, for his leadership and countless hours of direction and advice over the past 4 years. Thank you, Neil.

James F. Balcomb
General Manager

BOARD OF DIRECTORS/STAFF

Board of Directors (as of March 31, 1998):

Member Municipality	Director	Occupation
Saint John	David Doyle	Accountant, Teed, Saunders, Doyle & Company
	William Gale	President, Modern Workers Technologies
	Herb Duncan	President, Fundy Computer
Sussex	Gil Carter	Manager, Quartzitec
	Sylvia McVey	Vice-President, G.E. Barbour Inc.
Hampton	Ken Chorley	Deputy Mayor, Insurance Appraiser, Canavans Appraisal
St. Stephen	Allan Gillmor	Mayor, Teacher St. Stephen High School
	Peter Frye	President, Bayside Stevedoring
St. Andrews	Gerald Ingersoll	Councillor, Principal, NBCC - St. Andrews
St. George	Stan Smith	Atlantic Silver
Grand Bay-Westfield	Grace Losier	Mayor Town of Grand Bay-Westfield
St. Martins	Barb McIntyre	Securities Registration Officer
Sussex Corner	Arie Ruitenberg	Councillor, Retired Geologist
Grand Manan	Joey Green	Mayor Village of Grand Manan
Director at Large	Neil McKelvey, OC, QC	Counsel, Stewart McKelvey Stirling Scales

EXECUTIVE OFFICERS

Neil McKelvey	Chairman
Gil Carter	Past Chairman
Peter Frye	Vice Chairman
Don MacQuarrie	Vice Chairman
David Doyle	Treasurer
Barb McIntyre	Secretary
Gerald Ingersoll	Director At Large

BOARD OF DIRECTORS/COMMITTEE MEETINGS

Four board and six executive meetings were held during the 1997/98 fiscal year.

COMMISSION STAFF/OPERATIONS

James Balcomb, BSc (Dalhousie), MBA (UNB)	General Manager
Lois Vincent*	Executive Assistant/EDO
Michael Rouse, BBA, BEd (UNB)	Economic Development Officer
David Emerson*, Ec.D., BAA (Ryerson Polytechnical Institute)	Economic Development Officer
Roxanne Sappier	Reception
Joan Davidson	Administration
Greg Landry	Assistant Economic Development Officer

In addition to full-time staff, the Commission received funding for one summer student under the Summer Career Placement Program. Fundy Region Development Commission also received funding from Department of Agriculture and Rural Development to hire Beverley Franklin to work on a special project to help identify opportunities for producers in the region. Linda Kerwin was hired to work on an SME Aftercare Project which required follow up with former Self Start and Entrepreneur clients.

* As of June 1st 1998, Lois and David began employment with the new Greater Saint John Economic Development Commission.

PART I

1.0 MAJOR DEVELOPMENT ACTIVITIES

SERVICE TO BUSINESS

1.1 CLIENT CONTACT

During the past year, Commission staff have counseled **1252** clients at the Business Resource Centre, municipal offices and at the entrepreneur's place of business.

These contacts include:

♦ Visits to Clients	311
♦ In Office Client Visits	941
Total	**1252**

Assistance was also provided to an estimated **503** individuals by telephone, mail or e-mail.

1.2 BUSINESS COUNSELING

Commission staff continue to offer assistance, advice and guidance in the establishment of new businesses and to help existing businesses grow in order to foster economic development in all sectors of the economy.

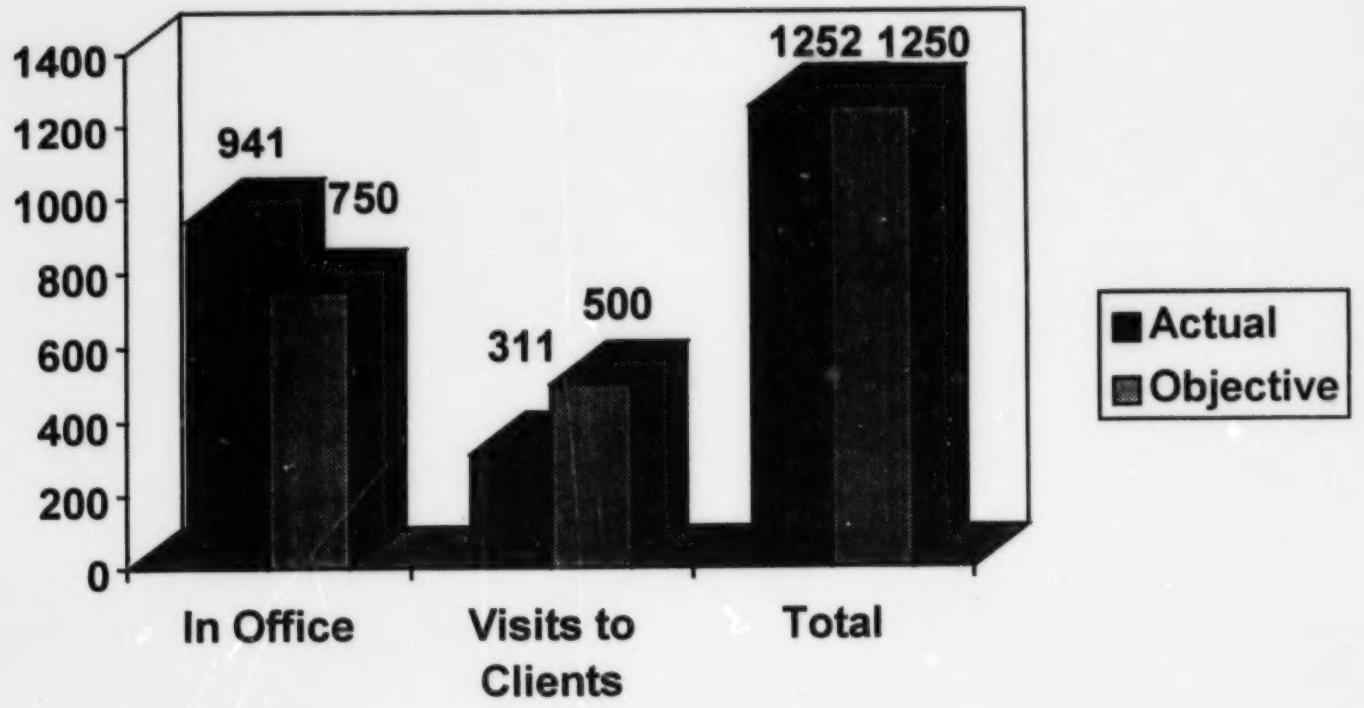
The Commission also assisted with the preparation of business plans, and advice regarding government assistance programs.

Economic Development Officers maintain regularly scheduled office hours in each member municipality.

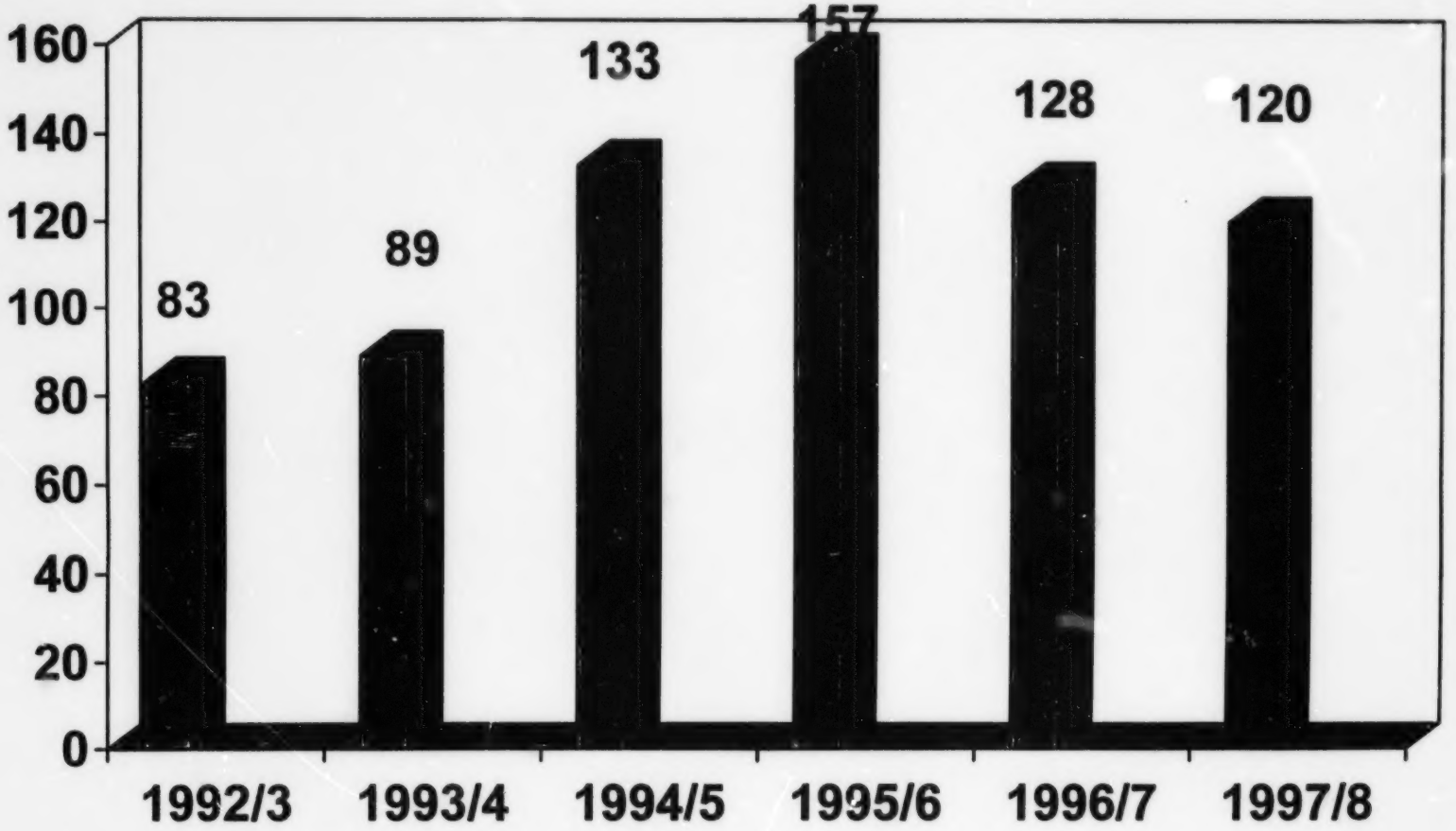
NEW BUSINESSES CREATED

With the assistance of the Commission's Economic Development Officers, **120** new businesses were established and **13** businesses expanded during the 1997/98 fiscal year.

Client Contact - Fiscal Year 1997/8

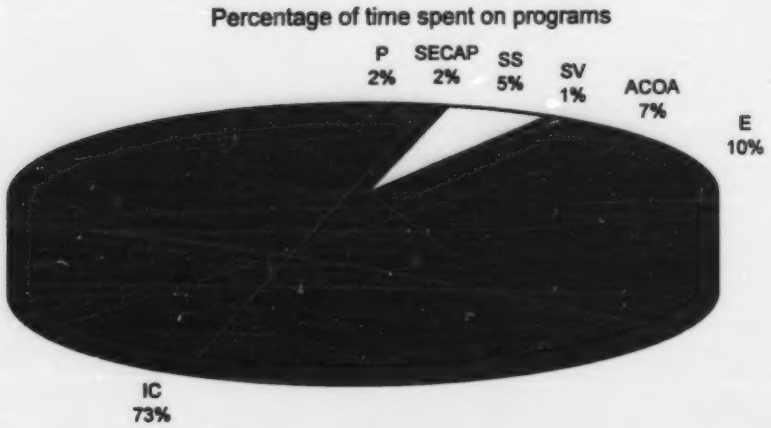


New Business Starts with FRDC Assistance



ALLOCATION OF HUMAN RESOURCES

(A) Client Counselling



Legend

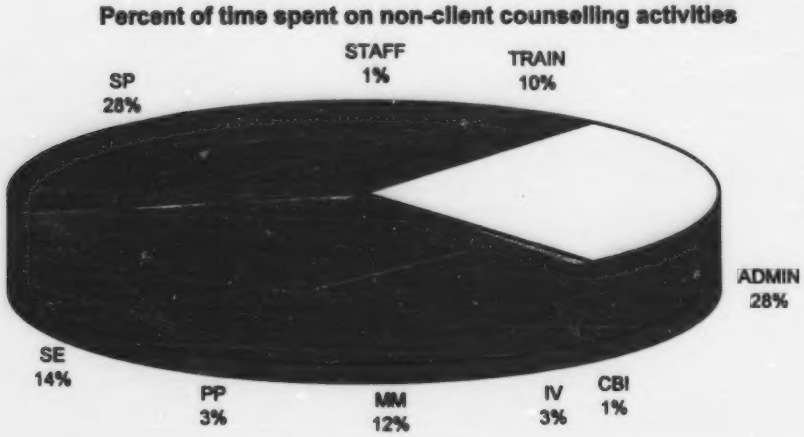
IC	General Information and Counselling
P	Partners Program *(Advanced Education and Labour)*
SECAP	Small Entrepreneur Capital Assistance Program *(Economic Development and Tourism)*
SS	Self Start Program *(Economic Development and Tourism)*
SV	Student Venture Program *(Advanced Education and Labour)*
ACOA	*Atlantic Canada Opportunities Agency*
E	Entrepreneur Program *(Advanced Education and Labour)*

The majority of the time of the Commission's Economic Development Officers with clients is spent on general information and counselling. This confirms the function of the FRDC as being the first point of contact for the region's entrepreneurs.

Subsequent meetings are usually focused on a specific applicable government assistance program(s) and/or may include other related economic development partners such as the departments of Agriculture and Rural Development, Economic Development and Tourism , Advanced Education and Labour, Business Development Bank, Community Based Development Corporation, National Research Council and others.

ALLOCATION OF HUMAN RESOURCES

(B) Non-Client Counselling



Legend

SP	Special Projects
SE	Special Events
PP	Presentation and Promotion
MM	Membership Meetings
IV	Incoming Visitors (Foreign Investment)
CBI	Community Based Initiatives
Staff	Staff Meetings
Train	Staff Training
Admin	Administration

The Commission staff promote economic development in many other ways besides direct client business counselling. This chart demonstrates some of the regional economic development activities the Commission participates in.

1.3 ENTREPRENEURSHIP DEVELOPMENT

To promote entrepreneurship development and to help upgrade the skills of the region's entrepreneurs, the Commission organized several special events during the year. Some of these events include:

Woman Entrepreneur of the Year Award

Sharon O'Brien and **Jean Porter** ***(Senior Watch)*** were chosen as co-recipients of this years Woman Entrepreneur of the Year Award for the Fundy Region 1997. The Award was presented to the recipients during Small Business Week in October. *Senior Watch* is a service based business located in the Greater Saint John area. The business provides home care services and educational programs specializing in meeting the needs of seniors. The business was established in 1987 and is now franchised in Woodstock and Fredericton. At start up, *Senior Watch* employed one full time and one part time employee. At present, the business has 50 full time and 35 part time employees.

Left to right: Grace Losier, Mayor of Grand Bay-Westfield, Sharon O'Brien, Senior Watch, Jean Porter, Senior Watch, Lois Vincent, Fundy Region Development Commission.

Self Employment Benefit Program (SEB)

Economic Development Officers David Emerson and Lois Vincent continue to serve as members of the *Self Employment Benefit Program (SEA)* Selection Committee. This program allows participants who are receiving Employment Insurance (or have received it sometime during the preceding three years) the opportunity to continue to receive benefits for a year while operating their own business. The SEB Program is now under the direction of the Department of Advanced Education and Labour.

How To Start Series

Fundy Region Development Commission co-sponsored with ACOA three 2-day seminars on *"How to Start"* a business and how to properly plan for the start of the new venture. These seminars were delivered in Hampton, St. George and Saint John with an average of 15 attending each session. This series was delivered by the Business Development Bank of Canada.

Business Opportunities Program (BOP)

The Commission co-sponsored with ACOA, Business Development Bank of Canada,and private sector companies a six week *Business Opportunities Program* in Charlotte County. This program assisted the entrepreneur make the transition from having the idea, to an opportunity, and then to an entrepreneurial venture.

Better Business Management Practices

Fundy Region Development Commission co-sponsored several training sessions on *Better Business Management Practices - Improving Your Bottom Line* with ACOA and Uptown Saint John. These three hour sessions included one on *Where's That Widget, Behind the Bottom Line, and Will That Be Cash Or...?* Each session had 15-20 in attendance and the feed-back from participants was very positive.

PRESENTATIONS

During the year, the General Manager and Economic Development Officers made presentations to the following schools in the Fundy Region on the role and services of the Commission :

- Kennebecasis High School
- St. Malachy's High School
- NBCC - St. Andrews

Presentations were also made to:

- Bay of Fundy Opportunities Forum

- Kennebecasis Valley Resource Centre - Shipyard Workers
- Enterprise Centre - Self Employment Benefit Program
- Horizon Training Group
- Provincial 4 H Club
- Advanced Training Group

The Commission also sponsored or co-sponsored the following training programs, seminars and special events during 1997/98:

- Small Business Week Activities
- Information Session in Grand Manan co-sponsored by ACOA, Charlotte County Development Corporation, Advanced Education & Labour, Agriculture and Rural Development and Economic Development and Tourism
- IT Works Trade Show

1.4 CONFERENCES AND TRADE SHOWS

The Commission participated in several conferences, seminars, information sessions and trade shows throughout the year. Some of these events include:

Fundy Region Development Commission co-shared a booth with ACOA at the Aquaculture Fair in St. Andrews.

K.C. Irving Quality Awards - The General Manager was master of ceremonies for both the Quality Conference and the K.C. Irving Quality Awards banquet held in October, 1997. Three Fundy Region companies were recipients of awards. The Delta Hotel won the *Tourism - General* Award for the second year in a row. The Inn on the Cove was the winner of the *Tourism - Country Inns* Award and AQTS was the recipient in the *Selected Services* category. *Certificate of Merit* recipients included Irving Tissue, Saint John Hilton and Dufferin Inn.

Fundy Region Development Commission was a partner in the organization of activities for Small Business Week. Events associated with Small Business Week included:

- Small Business Week Kick-off and Networking Mixer
- Do It Yourself Marketing Seminar
- Financial Management for Small Business
- Getting Into Business Seminar delivered in French at the Samuel de Champlain Centre
- NBTel Breakfast Seminar "Electric Commerce and Your Business Survival"
- Mentor Program Information Session
- Financial Management for Small Business seminar at the KV Resource Centre

Bay of Fundy Opportunities Forum - Fundy Region Development Commission was a co-sponsor for this event offered during Small Business Week which was attended by over 100 participants.

This forum was organized by the Enterprise Saint John Bay of Fundy Tourism Development Task Force to help maximize the economic development potential associated with the Bay of Fundy, "One of the Marine Wonders of the World". The Commission is a member of the Fundy Tourism Development Task Force.

IT Works Trade Show - Fundy Region Development Commission was a sponsor and assisted with the coordination and promotion of the IT Works Trade Show, targeted at Information Technology companies in the Greater Saint John area. This is the second year for the trade show and sponsors are hoping to make this an annual event. Over 300 attended the trade show this year.

1.5 INFORMATION GATHERING AND DISSEMINATION

Library Organization - The Commission continues to maintain and add publications of reference material for access by entrepreneurs. The Client Information Centre is also available to clients for use in researching material and information pertaining to their proposed business.

Information Meetings with MLAs and MPs - The General Manager and an EDO accompanied many of the regions MLAs on site visits to some of the entrepreneurs in the MLA's riding, affording them the opportunity to discuss with the Minister/MLA any areas of interest or concern regarding programs.

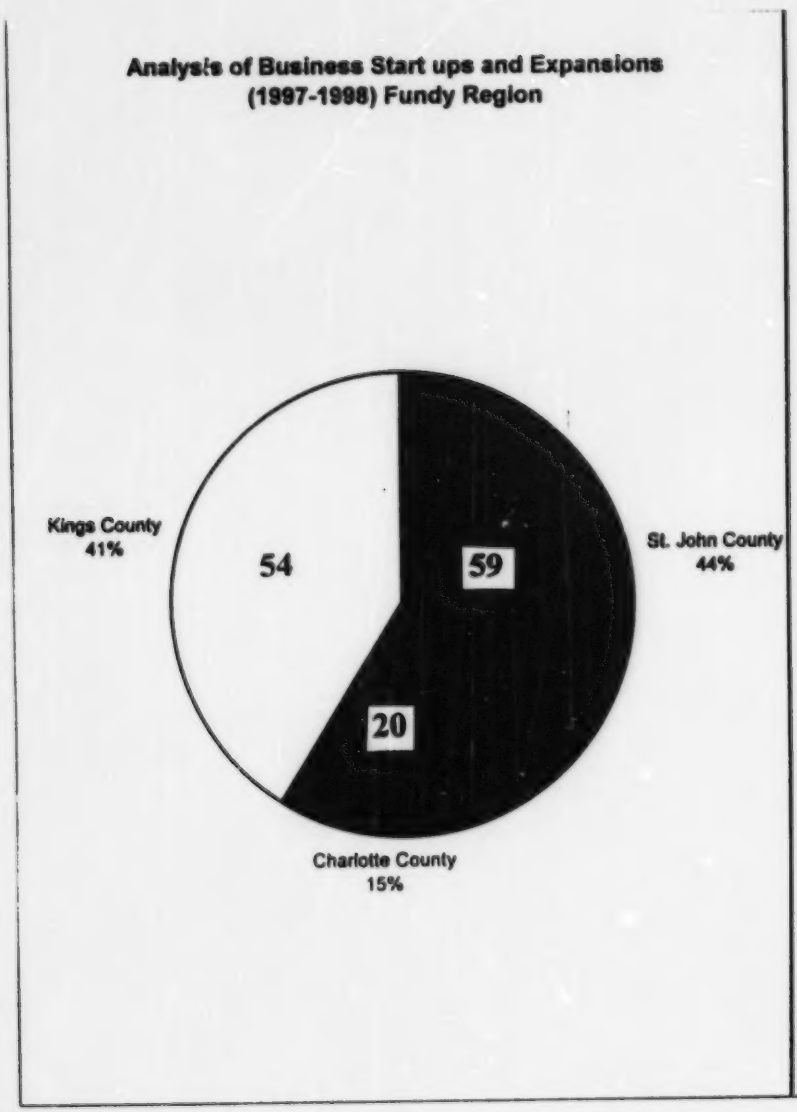
Business/Industrial Parks - The General Manager is a director of the Saint John Industrial Parks Limited which includes *McAllister, Grandview* and *Spruce Lake Industrial Parks.* The Commission is the agent for land sales in the *Sussex Industrial Park* and for the *Champlain Industrial Park* at the Port of Bayside.

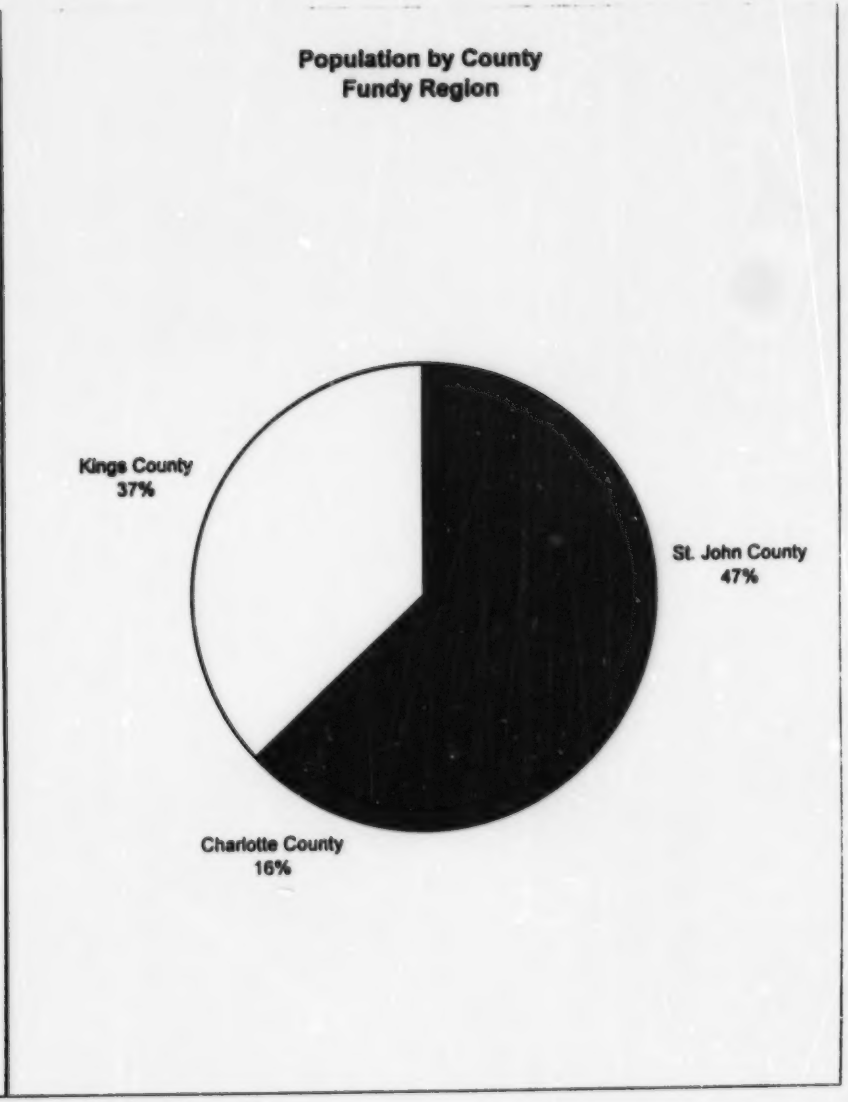
1.6 GOVERNMENT ASSISTANCE

The Fundy Region's business community received financial assistance through government programs to establish new businesses or for expansion of existing businesses. The following is a breakdown of funding by County, as well as a list of companies which received the funding:

	Financial Assistance Received
St. John County	$524,964
Kings County	$362,419
Charlotte County	$209,478
Total Funding	**$1,096,861**
Total cost for these projects was	**$2,771,900**

This financial assistance resulted in the establishment of **120** new businesses in the Fundy Region and expansion of 13 existing businesses. These projects only include those businesses that the Fundy Region Development Commission directly assisted.


Analysis of Business Start ups and Expansions
(1997-1998) Fundy Region
Kings County
41%
54
59
St. John County
44%
20
Charlotte County
15%


Population by County
Fundy Region
Kings County
37%
St. John County
47%
Charlotte County
16%

PROGRAM SUMMARY

April 1, 1997 - March 31, 1998

PROGRAM SUMMARY - APRIL 1, 1997 - MARCH 31, 1998 ST. JOHN COUNTY				
No.	Applicant	Location	Program	Amount
1.	Anna's Fabrics & Handicraft Supplies	St. John County	Entrepreneur	10,000
2.	Atlantic Advertising Distribution	St. John County	Entrepreneur	10,000
3.	Ralph's Repair Service	St. John County	Entrepreneur	10,000
4.	Creative Gardening	St. John County	Entrepreneur	10,000
5.	504733 N.B. Ltd.	St. John County	Entrepreneur	10,000
6.	Dempster's Provincial Hardwood Flooring	St. John County	Entrepreneur	10,000
7.	Communicom	St. John County	Entrepreneur	10,000
8.	Citnalta Chemical	St. John County	Entrepreneur	10,000
9.	Serenity Aesthetics	St. John County	Entrepreneur	10,000
10.	Why Knot Wood Products Ltd.	St. John County	Entrepreneur	10,000
11.	Estecia Esthetics	St. John County	Entrepreneur	10,000
12.	Hunter's Hitek Auto	St. John County	Entrepreneur	10,000
13.	Paintworth	St. John County	Entrepreneur	10,000
14.	M.S. Humphrey Services	St. John County	Entrepreneur	10,000
15.	ECO-Timber	St. John County	Entrepreneur	10,000
16.	Hilyard Business Centre	St. John County	Entrepreneur	10,000
17.	Good Fortune Take-Out	St. John County	Entrepreneur	10,000
18.	A Gift Of Wood	St. John County	Entrepreneur	5,000
19.	Sweet Impressions	St. John County	Entrepreneur	10,000
20.	Pamela's Nun Doll Museum and Gift Shop	St. John County	Entrepreneur	10,000
21.	Reliable Door & Window	St. John County	Entrepreneur	10,000
22.	Kumamoto Karate School	St. John County	Entrepreneur	10,000
23.	YDL International Trading	St. John County	Entrepreneur	10,000
24.	Helen M. Ogden Sewing	St. John County	Self Start	7,000
25.	Mail Boxes Etc.	St. John County	Self Start	10,000
26.	Precision Plus	St. John County	Self Start	10,000
27.	Nostalgia Portraits	St. John County	Self Start	10,000
28.	Alson Interprise	St. John County	Self Start	10,000
29.	O'Brien Flooring	St. John County	Self Start	10,000

30.	Chip King	St. John County	Self Start	10,000
31.	Maritime Bill Board Advertising	St. John County	Self Start	10,000
32.	Media Planet	St. John County	Self Start	10,000
33.	T.K. Vending	St John County	Self Start	10,000
34.	Benchmark Gifts Ltd.	St. John County	Self Start	10,000
35.	Green Up	St. John County	Student Venture	3,000
36.	Sir Bakes A-Lot	St. John County	Student Venture	1,500
37.	Jason Underhill Summer Hockey	St. John County	Student Venture	3,000
38.	Tri-Star Basketball Camps	St. John County	Student Venture	3,000
39.	Bruce McFarlane's Driveway Sealing	St. John County	Student Venture	3,000
40.	Taylor Lawn Care	St. John County	Student Venture	3,000
41.	Darren Simmie's Painting	St. John County	Student Venture	3,000
42.	Yardscape	St. John County	Student Venture	3,000
43.	Chris Messer	St. John County	Student Venture	3,000
44.	Stewart's Lawncare	St. John County	Student Venture	3,000
45.	Possum	St. John County	Student Venture	3,000
46.	Mark's Lawn Care	St. John County	Student Venture	3,000
47.	Old Time Magic Shop	St. John County	Student Venture	3,000
48.	Snippers Yard & Lawn Maintenance	St. John County	Student Venture	3,000
49.	University Lawn Care	St. John County	Student Venture	3,000
50.	Cara Cole & Sarah Bennett	St. John County	Student Venture	3,000
51.	The Shine Shop	St. John County	Student Venture	3,000
52.	Jody Kliffer	St. John County	Student Venture	3,000
53.	TWx Technologies Inc.	St. John County	SECAP	50,000
54.	D. Childs Foods	St. John County	SECAP	20,228
55.	Media Planet	St. John County	SEED ConneXion	10,000
56.	ECO-Timber	St. John County	SEED ConneXion	15,000
57.	Hilyard Business Centre	St. John County	SEED ConneXion	7,500
58.	Anne Bowland	St. John County	ACOA	19,041
59.	Gamma Investments	St. John County	ACOA	18,695
Total for St. John County				**$ 524,964**

PROGRAM SUMMARY - APRIL 1, 1997 - MARCH 31, 1998 KINGS COUNTY				
60.	Cooking with Class	Kings County	Entrepreneur	10,000
61.	Foam Free Draught Experts	Kings County	Entrepreneur	10,000
62.	Kings County Traditional Archery	Kings County	Entrepreneur	10,000
63.	Sussex Computer	Kings County	Entrepreneur	10,000
64.	Kings Valley Courier	Kings County	Entrepreneur	10,000
65.	Ryall's Secured Versatile Packaging	Kings County	Entrepreneur	10,000
66.	Cattail Canoes & Fiberglassing	Kings County	Entrepreneur	10,000
67.	Tunes Music Centre	Kings County	Entrepreneur	10,000
68.	The Vinyl Guys	Kings County	Entrepreneur	10,000
69.	Greenslade's Auto Repair	Kings County	Entrepreneur	10,000
70.	Winchester Anti-Freeze Recycling Co. Ltd.	Kings County	Entrepreneur	10,000
71.	Blackwell's Creations	Kings County	Entrepreneur	10,000
72.	Blacknight Chess Products Inc.	Kings County	Entrepreneur	10,000
73.	Cool Solutions	Kings County	Entrepreneur	10,000
74.	Debbie's Pickles & Preserves	Kings County	Entrepreneur	10,000
75.	Clifton Woolens	Kings County	Entrepreneur	10,000
76.	Creative Inflatables	Kings County	Entrepreneur	10,000
77.	Fundy Building Controls Ltd.	Kings County	Entrepreneur	10,000
78.	Lacey Industries	Kings County	Entrepreneur	10,000
79.	Frank's Firewood	Kings County	Entrpreneur	10,000
80.	Quality Auto Service & Sales	Kings County	Entrepreneur	10,000
81.	Red Wheel Relics	Kings County	Entrepreneur	10,000
82.	Vitalife Clinic therapy Center	Kings County	Student Venture	3,000
83.	Valley Auto Shine	Kings County	Student Venture	3,000
84.	Greg Dankins' All-Purpose Maintenance	Kings County	Student Venture	3,000
85.	David Barter Ent.	Kings County	Student Venture	3,000
86.	Ben Curry Painting	Kings County	Student Venture	3,000
87.	Colin Hull - Window Washing	Kings County	Student Venture	3,000
88.	Alternative Lawncare	Kings County	Student Venture	3,000
89.	Leave It To Leaver	Kings County	Student Venture	3,000

90.	Jeff's Hardwood	Kings County	Student Venture	3,000
91.	Lawn Enforcers	Kings County	Student Venture	3,000
92.	Smith's Greens	Kings County	Student Venture	3,000
93.	Maritime Hardware & Software	Kings County	Student Venture	3,000
94.	Eric's Lawn Care	Kings County	Student Venture	3,000
95.	Spray & Shine	Kings County	Student Venture	3,000
96.	Patricia O'Brien	Kings County	Student Venture	3,000
97.	Bryan MacGregor	Kings County	Student Venture	3,000
98.	Geoffrey Johnson	Kings County	Student Venture	3,000
99.	Clean Cut	Kings County	Student Venture	3,000
100.	Kevin's Auto Body Repair and Painting	Kings County	Student Venture	3,000
101.	Eli's Poultry Products	Kings County	Student Venture	3,000
102.	PC Professionals	Kings County	Student Venture	3,000
103.	Wick Reforestation	Kings County	Student Venture	3,000
104.	Property Pride Yard Care	Kings County	Student Venture	3,000
105.	Ye Olde Loyalist Crepe Shoppe	Kings County	Student Venture	2,500
106.	Matthew Brown	Kings County	Student Venture	3,000
107.	MacLean's Music	Kings County	Student Venture	3,000
108.	Morrell's Landscaping	Kings County	Student Venture	3,000
109.	Cory Hartin	Kings County	Student Venture	3,000
110.	Shampers Bluff Inn	Kings County	SECAP	36,920
111.	Clifton Woolens	Kings County	SECAP	6,096
112.	Lacey Industries	Kings County	SECAP	3,528
113.	Shampers Bluff Inn	Kings County	ACOA	12,375
Total for Kings County				**$ 362,419**

PROGRAM SUMMARY - APRIL 1, 1997 - MARCH 31, 1998 CHARLOTTE COUNTY				
114.	Aquaculture Veterinary Services International	Charlotte County	Entrepreneur	10,000
115.	Den's Plumbing	Charlotte County	Entrepreneur	10,000
116.	Charlotte County Temporary Service	Charlotte County	Entrepreneur	10,000
117.	Kelly Boyd's Plumbing & Heating	Charlotte County	Entrepreneur	8,000
118.	The Attic Room	Charlotte County	Entrepreneur	10,000
119.	Stephen Fabrication	Charlotte County	Entrepreneur	10,000
120.	Southern Winds Country Bakery	Charlotte County	Entrepreneur	10,000
121.	Dianne's Healing Hands	Charlotte County	Entrepreneur	5,000
122.	Lord's Steam Wash	Charlotte County	Entrepreneur	10,000
123.	August Ventures	Charlotte County	Entrepreneur	10,000
124.	To Your Health	Charlotte County	Entrepreneur	10,000
125.	Collectable Cabinets	Charlotte County	Entrepreneur	10,000
126.	Joan's Daycare	Charlotte County	Entrepreneur	10,000
127.	Campobello Island Pharmacy	Charlotte County	Entrepreneur	10,000
128.	Fundy Data Acquisition	Charlotte County	Self Start	10,000
129.	Sunrise Bistro	Charlotte County	Student Venture	3,000
130.	Kids Wonder Shoppe	Charlotte County	Student Venture	3,000
131.	St. Andrews Bay Sport	Charlotte County	SECAP	15,000
132.	Fundy Data Acquisition	Charlotte County	SECAP	22,397
133.	Wade McVicar	Charlotte County	ACOA	23,081
Total for Charlotte County				**$ 209,478**
Total				**$ 1,096,861**

PART II

2.0 PLANNING AND COORDINATION

2.1 Bay of Fundy Opportunities Forum

"Bay of Fundy Opportunities Forum" - Fundy Region Development Commission was a co-sponsor of the Opportunities Forum held during Small Business Week in October. The Commission continues to work with entrepreneurs in the development and expansion of Day Adventure and other tourism opportunities.

2.2 Sector Plans

Commission staff continue to work with and provide leadership to key economic sectors in the Fundy Region.

During the year, the Commission continued to work closely with industries and organizations to assist in *value-added processing*, diversification, and/or product line expansion. Companies assisted include:

- Quartzitec
- Silver Bay Salmon Products
- Pagan's House
- Quality Bumper

The Commission also worked with the following *tourism* sector companies to assist with the start-up, expansion or modernization of their operation:

- Adair's Wilderness Lodge

Companies assisted that are presently exporting or have the potential to *export* their products include:

- Goldsmith Lumber
- SNB Wood Co-op

Companies assisted in the *Information Technology* sector include the following businesses:

- Canadian Parents On Line
- Lynx Productions
- Media Planet

2.3 Major Projects Coordination

The Commission continues to work on projects in partnership with other organizations and agencies.

SME Aftercare and Monitoring Project

Fundy Region Development Commission undertook a major project during the fiscal year, funded by Economic Development and Tourism, Advanced Education and Labour and Agriculture and Rural Development. The project involved follow up with past businesses that utilized the Entrepreneur or Self Start Program. The purpose of the project was to gather and build a database of information which could be utilized to make recommendations for policy development and changes and to assist in the delivery of all government programs in a more efficient and effective manner.

A proactive approach was used for follow up which provided a combination of additional counselling, information, mentoring and applicable funding application as needed.

Fundy Region Pilot Project - Rural Riches Program

Fundy Region Development Commission undertook a three month pilot project in the region with financial assistance from the Department of Agriculture and Rural Development (DARD). This project involved market research to assist producers in determining implementable plans for maximizing the potential sales of New Brunswick made products. Beverley Franklin was hired as a Special Projects Officer under the Rural Riches program and was requested by DARD to continue with the project until November of 1998. The extension of the project involved working closely with the consultant for a potential Rural Riches point of sale location at the new Interpretation Centre proposed at Big Salmon River on the Fundy Trail.

UNBSJ/FRDC Marketing Project

A marketing class from UNB-Saint John worked in cooperation with the Commission to assist 13 companies in the region with marketing plans for each business. This was a win/win situation - the student had a hands on project with a business currently in operation and the business received much needed marketing information and advice.

2.4 Inter-Agency Liaison and Coordination

The Commission continues to work in partnership with other organizations including Economic Development and Tourism, Atlantic Canada Opportunities Agency, Advanced Education and Labour, Research and Productivity Council, Charlotte County Development Corporation, Enterprise Saint John, Human Resource Development New Brunswick, Enterprise Centre, Business Development Bank and Agriculture and Rural Development.

The General Manager meets on a regular basis with the managers of the other organizations in the Business Resource Centre to discuss projects and initiatives. The manager continues to serve as a director of Saint John Industrial Parks Limited.

The Economic Development Officer for Charlotte County continues to maintain office hours at the Charlotte County Development Corporation offices in St. Stephen and St. George. The co-location has improved services to mutual clients.

Memberships/Committees

The Board of Directors, management and staff of the Commission continue to work with other key partners and organizations in the region through organization membership or service on committees which include:

- New Brunswick Economic Commissions Association (NBECA)
- Economic Developers Association of Canada
- Airport Consultative Committee
- Airport Transition Team
- Saint John Board of Trade
- Hampton Chamber of Commerce
- Executive - Kennebecasis Valley Chamber of Commerce
- River Valley Chamber of Commerce
- Eastern Charlotte Chamber of Commerce
- St. Stephen Chamber of Commerce
- St. Andrews Chamber of Commerce
- Sussex Chamber of Commerce
- Hospitality Saint John
- Enterprise Centre Self Employment Benefit Program Selection Committee
- Saint John Industrial Parks Ltd.
- Enterprise Saint John
- Charlotte County Business Development Corporation Ltd.
- Business Development Bank of Canada
- Natural Gas Pipeline Task Force Committee
- Board of Directors - Key Industries
- Advisory Board - Dental Assisting Academy of New Brunswick
- Human Development Council Community Loan Committee

PART III

3.0 COMMUNICATION

Regional Profiles

The Community Profiles have been updated with the latest available Statistics Canada information. The updated profiles have been distributed to municipal offices, councils, MLAs and MPs.

Industrial Parks Database

An Industrial Parks database of all buildings and sites in the Region's 7 Industrial Parks has been developed to communicate details of available properties to potential investors.. The database has search capabilities by price, services, availability, etc.

Human Resources Database

A Human Resources database has been developed that has search capabilities by occupation, group, and title based on the number of Employment Insurance claimants. This project was developed in conjunction with Human Resources Development Canada and will help potential employers evaluate business opportunities within the Fundy Region.

Fundy Region Business Directory

This database contains information on over 7,000 businesses in the Fundy Region with search capabilities by name, business type, and postal code. The database will be used to assist in market research and in strategic planning.

Immigrant and Foreign Investors

In cooperation with Economic Development and Tourism, the Commission hosted visitors from Maine, Ontario, Scotland, and Germany.

4.0 ECONOMIC DEVELOPMENT PROJECTS

Quartzitec - The General Manager continues to work with Economic Development and Tourism and ACOA for this value-added manufacturing operation of flooring tiles. Construction began on the facility in the spring of 1998.

Fundy Trail Development Authority - The General Manager served as the representative for the Commission on the board for 1997/1998. Phase 1 of the Fundy Trail is scheduled to have its official opening in August of 1998.

Grand Manan Transportation Study - This study was completed to determine the economic feasibility of increasing service from Grand Manan to the mainland. This initiative involved the Fundy Region Development Commission, Village of Grand Manan, Grand Manan Chamber of Commerce, Grand Manan Tourism Association, Grand Manan Salmon Growers' Association, processors, and trucking industry officials.

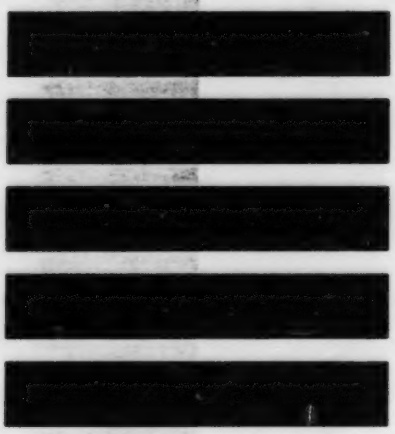
5.0 ADMINISTRATION

Ernst & Young have been retained as auditors for Fiscal Year 1997/98 and Toronto Dominion is the bank used by Fundy Region Development Commission.

Staff Training and Professional Development

- Three Economic Development Officers attended an EDAC training course in Amherst, NS
- An EDO attended an Export Toolbox seminar presented by Industry Canada
- Two staff have received training on the ACOA client tracking database
- General Manager and EDOs attended a Financial Management Seminar sponsored by ACOA and the NBECA
- EDOs participated in export development training sponsored by Industry Canada

AUDITED FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

FUNDY REGION DEVELOPMENT COMMISSION INCORPORATED

March 31, 1998

ERNST & YOUNG

AUDITORS' REPORT

To the Board of Directors of
Fundy Region Development Commission Incorporated

We have audited the statement of financial position of the **Fundy Region Development Commission Incorporated** as at March 31, 1998 and the related statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles adopted for New Brunswick municipalities.

Saint John, Canada,
May 6, 1998.

Ernst & Young
Chartered Accountants

Fundy Region Development Commission Incorporated

STATEMENT OF FINANCIAL POSITION

As at March 31, 1998

	1998				1997
	General Fund $	Capital Fund $	Reserve Fund $	Total $	Total $
ASSETS					
Current					
Cash	77,590	—	158,880	236,470	218,617
Accounts receivable	46,269	—	—	46,269	6,805
Prepaid	3,453	—	—	3,453	—
Interfund loan receivable	—	—	3,856	3,856	7,542
Due from Operating Fund	—	—	—	—	15,000
Due from Reserve Fund	5,114	—	—	5,114	5,114
	132,426	—	162,736	295,162	253,078
Fixed					
Computer equipment	—	6,066	—	6,066	6,066
Vehicle	—	26,464	—	26,464	26,464
Long-term receivable *[note 9]*	12,500	—	—	12,500	—
	144,926	32,530	162,736	340,192	285,608
LIABILITIES AND FUND					
Current					
Accounts payable and accrued charges	40,398	—	—	40,398	26,996
Due to ACOA *[note 9]*	7,500	—	—	7,500	—
Committed loan Capital for Seed Connextion Program *[note 9]*	30,000	—	—	30,000	—
Due to General Fund	—	—	5,114	5,114	5,114
Due to Reserve Fund	—	—	—	—	15,000
Deferred revenue *[note 5]*	54,426	—	—	54,426	13,456
	132,324	—	5,114	137,438	60,566
Long-term					
Interfund loan	—	3,856	—	3,856	7,542
Long-term payable *[note 9]*	12,500	—	—	12,500	—
	12,500	3,856	—	16,356	7,542
Fund Balances					
Invested in capital assets	—	28,674	—	28,674	24,988
Internally restricted	—	—	157,622	157,622	191,964
Unrestricted	102	—	—	102	548
	102	28,674	157,622	186,398	217,500
	144,926	32,530	162,736	340,192	285,608

See accompanying notes

Fundy Region Development Commission Incorporated

STATEMENT OF OPERATIONS

Year Ended March 31, 1998

	1998			1997
	General Fund $	Reserve Fund $	Total $	Total $
Revenue				
Cooperation Agreement	268,513	—	**268,513**	269,567
Municipal members *[note 4]*	100,720	—	**100,720**	75,833
Special Projects	77,908	—	**77,908**	79,834
Rent revenue *[note 6]*	36,064	—	**36,064**	35,706
Challenge grants	3,587	—	**3,587**	2,128
Interest	1,857	5,658	**7,515**	9,629
	488,649	5,658	**494,307**	472,697
Expense				
Salaries and benefits	275,200	—	**275,200**	257,561
Special Projects	92,735	—	**92,735**	42,279
Office occupancy *[note 6]*	37,238	—	**37,238**	35,399
Travel	21,400	—	**21,400**	24,236
Telephone and postage	20,155	—	**20,155**	21,236
Office equipment	14,183	—	**14,183**	20,550
Training and development	12,972	—	**12,972**	4,163
Directors' expenses	11,342	—	**11,342**	6,141
Office supplies	8,887	—	**8,887**	8,970
Promotion	8,255	—	**8,255**	7,768
Automobile - maintenance	7,011	—	**7,011**	4,189
Professional fees	4,707	—	**4,707**	4,356
Automobile - principal repayments- & interest *[note 3]*	4,200	—	**4,200**	4,200
Subscriptions and associations	3,932	—	**3,932**	3,010
Insurance	3,303	—	**3,303**	3,363
Other	2,818	—	**2,818**	21,367
Bank charges	757	—	**757**	597
	529,095	—	**529,095**	469,385
Surplus (Deficit) from operations	(40,446)	5,658	**(34,788)**	3,312

See accompanying notes

STATEMENT OF CHANGES IN FUND BALANCES

As at March 31, 1998

	1998				1997
	General Fund $	Capital Fund $	Reserve Fund $	Total $	Total $
Fund balances, beginning of year	548	24,988	191,964	**217,500**	204,744
Surplus (Deficit) from operations	(40,446)	—	5,658	**(34,788)**	3,312
Repayment of long-term Interfund loan	—	3,686	—	**3,686**	3,378
Purchase of capital assets	—	—	—	—	6,066
Appropriation from (to) General fund	40,000	—	(40,000)	—	—
Fund balances, end of year	102	28,674	157,622	**186,398**	217,500

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

As at March 31, 1998

1. PURPOSE OF THE ORGANIZATION

The Fundy Region Development Commission Incorporated ["Commission"] is incorporated, without share capital, under the laws of the Province of New Brunswick.

The mandate of Fundy Region Development Commission is to foster economic development in all sectors of the economy for Charlotte, St. John, and Kings Counties. The commission works with entrepreneurs and all levels of government to encourage and assist in the establishment of new businesses, to help existing business grow, and to reinforce the local economic mix by attracting new business from outside the Region.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission have been prepared to conform in all material respects to the accounting principles prescribed for New Brunswick municipalities by the Department of Municipalities, Culture and Housing

Fund accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Commission, the accounts of the Commission are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors. Transfers between the Funds are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain Interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These Interfund transfers are recorded as a component of changes in fund balances.

For financial reporting purposes, the accounts have been classified into the following funds:

[a] General Fund

The General Fund accounts for the Commission's operational activities. The General Fund reports unrestricted resources available for immediate purposes.

NOTES TO FINANCIAL STATEMENTS

As at March 31, 1998

[b] Reserve Fund

The Reserve Fund reports, as revenue, resources that are to be used for specific purposes as specified by the Board of Directors and the use of these resources for the specified purposes.

[c] Capital Fund

The Capital Fund reports resources that are required to be maintained by the Commission on a permanent basis.

Revenue recognition

Major sources of revenue are recorded on an accrual basis.

Expenditure recognition

Expenditures are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

Property and equipment

Capital assets and projects in progress are recorded at cost. The Commission does not record depreciation on its property and equipment. Funds received through capital assistance programs, cost sharing arrangements or by way of loan forgiveness are treated as additions to equity in capital assets. Equipment and furniture are expensed as the costs are incurred. The amount expensed in 1997/1998 was $15,300 (1996/1997 - $3,573).

Interfund Transfers

Interfund transfers consists of $25,000 transfer from the land reserve account to the General Fund, non-repayable, used for land development projects [specifically, the creation of a complete database of the region's seven industrial parks]. An additional $15,000 was transferred from the account to cover salary adjustments for the fiscal period, which was approved in the 1997/1998 budget.

NOTES TO FINANCIAL STATEMENTS

As at March 31, 1998

3. LONG-TERM INTERFUND LOAN

The long-term interfund loan consists of monies borrowed by the Capital Fund from the Reserve Fund as internal financing for the purchase of a vehicle. The interest rate on the loan is 8 3/4%. The repayments consist of monthly blended payments of $350, to February 1, 1999. Principal repayments required in the next year is as follows:

	$
1999	3,856

4. MUNICIPAL MEMBERS' REVENUE

The Province of New Brunswick, through the Department of Economic Development & Tourism, and the participating municipalities provide operating funds to the Commission based on the approved budgeted expenditures of the Commission. Participating municipalities and their contributions to operations are as follows:

Municipal unit	1998 $	1997 $
Saint John	57,499	39,375
St. Stephen	6,489	6,489
Sussex	5,305	5,305
Hampton	4,140	4,140
St. Andrews	3,080	3,080
St. George	1,545	1,545
Grand Bay	4,140	4,140
St. Martins	550	550
Fairvale	1,260	3,150
Sussex Corner	1,346	841
Gondola Point	3,164	2,636
Westfield	1,087	752
Grand Manan	2,456	663
Quispamsis	8,659	3,167
	100,720	75,833

Effective June 1, 1998, the commission's mandate will change to foster economic development in all sectors of the economy for only rural Charlotte, St. John and Kings counties. Saint John, Grand Bay-Westfield, Rothesay and Quispamsis will now be governed by the Greater Saint John Economic Development Commission Inc. (GSJEDC). The financial impact of this mandate is not known at this time.

NOTES TO FINANCIAL STATEMENTS

As at March 31, 1998

5. DEFERRED REVENUE

Deferred revenue consists of the following:

	$
Cooperation Agreement IV	48,231
BDC Seminars	6,195
	54,426

Approval has been granted to carry these forward for expenditure in fiscal 1999.

6. LEASE COMMITMENT

The Commission and several other economic development agencies have jointly entered into an agreement to lease their premises for a total minimum annual charge of $73,500. The Commission's portion of this annual charge is $15,500. The lease term expires on July 31, 1999, however the agencies have an option to renew for a further term of five years.

7. STATEMENT OF CHANGES IN FINANCIAL POSITION

A separate statement of changes in financial position is not presented since cash flows from operating, investing and financing activities are readily apparent from the other financial statements.

8. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform with the current year's presentation.

NOTES TO FINANCIAL STATEMENTS

As at March 31, 1998

9. SEED CONNEXION PROGRAM

The Seed Connexion Program consists of a grant received from The Atlantic Canada Opportunities Agency (ACOA). The grant was $100,000 of which $75,000 is repayable commencing on or before May 15, 2004. The repayment amount will consist of the contribution amounts including the original balance plus all repayments made by clients less amounts reloaned and amounts written off as confirmed by the agency. During fiscal year 97-98, only $50,000 of this loan was advanced to the Commission.

At March 31, 1998, $12,500 of the Capital Loan amount had been re-loaned to clients, and an additional $30,000, has been committed for loans. The repayment terms of these loans vary, and they have no set terms of repayment.

As a result of the boundary changes of The Fundy Region Development Commission [note 4] on June 1, 1998, the entire loan portfolio including future repayments by clients and any remaining funds were transferred back to ACOA. The new GSJEDC will take over the SEED Connexion Program.

10. SUMMARY OF RAMIFICATIONS RESULTING FROM REGIONAL ECONOMIC DEVELOPMENT COMMISSION RESTRUCTURING

a) The FRDC lease commitment for office premises expires on June 1, 1998.

b) The FRDC is no longer responsible for the delivery of the SEED Connexion Program of ACOA effective June 1, 1998.

c) The Geographic area of responsibility for the FRDC no longer includes Saint John, Grand Bay-Westfield, Rothesay and Quispamsis.

d) Future funding issues for the FRDC resulting from the restructuring have not yet been finalized.